

Form Letter to Potential Fee Property Donors - Indicator Practice 10B

July 1, 2012

Potential Donor
123 Outdoors Way
Auburn, ME 04210

RE: Follow-up on your Potential Donation to ALT

Dear Potential,

It was a pleasure meeting you recently to walk your land. Thank you for considering donating your property to the Androscoggin Land Trust. We wanted to follow-up to highlight some of the next steps necessary if we were to move forward regarding this potential project:

Financial Advice

Please talk with your financial adviser about the tax incentives of donating your land to Androscoggin Land Trust. In many cases, you will be able to receive a deduction on your federal income taxes. Although we can give you an idea of the tax advantages in donating land, we are neither accountants nor lawyers. Your financial advisor will be able to explain how a donation will affect you.

Legal Counsel

While Androscoggin Land Trust will prepare an initial draft of a deed for your consideration, you will need to have an attorney of your own to advise you during the deed review process. You and your attorney, the Androscoggin Land Trust and our attorney will work together until we are all satisfied with the document. Although the Androscoggin Land Trust can't recommend a specific attorney, we are happy to share a list of attorneys with experience in the field.

Appraisal

Donors may claim a federal income tax deduction if the donation meets IRS requirements. To qualify for a tax deduction **the donor must obtain an appraisal prepared by a qualified appraiser** for gifts of property valued at more than \$5,000, and the appraiser must follow the Uniform Standards of Professional Appraisal Practice. It is extremely helpful if the appraiser has experience appraising conservation land. Although the Androscoggin Land Trust can't recommend a specific appraiser, we are happy to share a list of appraisers with experience in the field.

The timing of the effective date of the appraisal is also important. The appraisal cannot be prepared more than 60 days prior to the date of the donation. However, the appraisers in this area are usually quite busy and it is wise to consider engaging an appraiser in advance of the signing of the deed. If you do not have the appraisal before signing the deed, you should receive the completed appraisal before your income tax filing deadline of April 15.

IRS Form 8283

To apply for a tax deduction, the donor is required to file an IRS Form 8283 (enclosed) with his or her tax return. The form is an appraisal summary that must be signed by the appraiser, the

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donor and the Androscoggin Land Trust. The Androscoggin Land Trust requires a copy of the appraisal for its review prior to signing and will notify the donor if it has a significant reservation about the value of the gift.

The Androscoggin Land Trust cannot make assurances as to whether a particular donation will be deductible, what monetary value of the gift the IRS will accept, what the resulting tax benefits of the deduction will be, or whether the donor's appraisal is accurate.

Stewardship Funds

The US Government supports private land conservation by allowing donors to take a tax deduction for the value of donated land, and they want to insure that these conservation lands are protected in perpetuity. When a land trust accepts a land donation it has a perpetual obligation to steward it. This ongoing obligation sets land trusts apart from many nonprofits and requires that the land trust have a source of funds available to meet its responsibilities.

Androscoggin Land Trust estimates that it will need to raise \$XXX to meet these ongoing obligations and requests a donation of \$XXX toward its Stewardship Fund. If this is not possible all donations are accepted. The donation is tax deductible, and doesn't need to be made at the same time as the property donation. To help you further understand the Stewardship Fund, we have included a more complete description and typical costs.

Again, please accept my thanks on behalf of the Androscoggin Land Trust for your interest in protecting your beautiful part of the XXX. We look forward to the discussions ahead and the successful completion of this project.

Sincerely,

Michael Auger
Director of Land Protection & Stewardship

Adopted by Board: 5-28-13

Amended: